



# Industrial Work Group

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## Introduction

Despite a regional economy that continues to diversify from the dominance of manufacturing to that of information and technology services, the City of Baltimore's long-term economic health still depends greatly on its industrial heritage. The City of Baltimore is endowed with a geography that gives its industries a strategic advantage – a central location with excellent transportation linkages via rail, highway and deep water. Manufacturing and other industrial uses, such as those within the Port of Baltimore, are an economic engine that import dollars from outside the region and create a multiplier effect for new jobs and income within the larger economy.

The same geographic advantage enjoyed by industry has also attracted increased growth in waterfront development that has added to the City's vitality, as residential and office uses have begun to reclaim some of Baltimore's outmoded and formerly under-utilized industrial waterfront. This has resulted in increased pressure to convert industrially zoned land to allow individual parcels to be redeveloped for "other, more profitable" uses. Yet, once industrial land and infrastructure are converted, there is limited chance of regaining industrial land elsewhere in the City of Baltimore.

TransForm Baltimore offers a unique opportunity to create a balance between economic engines of the past and present and those anticipated in the coming years. Its goal is to preserve and enhance the long term economic health of the City of Baltimore well into the 21<sup>st</sup> century. The Industrial Work Group will explore the current zoning code, its impact on industrial development, and make recommendations for improvements to help ensure that balance. The work group's discussions have been framed around four key questions: (1) what is this topic; (2) how do current approaches impact development; (3) what issues with the current approach should TransForm Baltimore help address; and (4) what proposed approaches should be considered during the TransForm Baltimore process?

## **What Is This Topic? A Review of Current Industrial Zoning**

Currently, Industrial Zoning (circa 1971) is categorized in 3 industrial zoning districts that roughly correspond to '**light**', '**medium**' and '**heavy**' industrial uses.

Current regulations are designed and intended to:

- (1) Promote growth and stability of industrial and related development;
- (2) Strengthen the economic base of the City;



- (3) Provide the flexibility needed to meet the changing technological conditions that affect industry, its plants, and products;
- (4) Encourage the upgrading of industrial operations by the application of good housekeeping standards;
- (5) Protect the character of the district and its suitability for particular uses;
- (6) Preserve and expand the City's tax base and employment potential.

Residential uses are excluded and/or prohibited from the City's industrial zones. Offices and hotels and motels are conditional uses in industrial zones, requiring Zoning Board approval.

In 1999, performance standards were introduced in M-1 zones that would be allowed to locate next to non-industrial land uses. In 2004, the Maritime Industrial Zoning Overlay district was enacted to protect port-related industries from encroachment of residential and other mixed-use land uses.

This work group will focus on assessing current industrial development approaches, identify issues associated with current approaches, and make recommendations for making improvements to the zoning code as it relates to Industrial Zoning and uses.

For example:

- How can we protect and promote current and future industry in a way that does not impede non-industrial growth and development?
- Are current classifications (light, medium & heavy) still an effective and/or appropriate way to regulate?
- What economic and regulatory changes have taken place since 1971 that impact industrial development?
- What obstacles to industrial growth and development exist and how can they be overcome with a more modern code?
- What best practices are in place and other cities that we could learn from?

## **How Do Current Approaches Impact Development?**

Reliance upon Planned Unit Developments (PUD) serve as a “de-facto” rezoning that allows residential and commercial uses that otherwise might not be allowed in Industrial Zones, putting increasing pressure on Industrial land and uses, both economically and socially (via nuisance complaints).

Existing (circa 1999) performance standards only apply to new industrial developments.

Current performance standards only apply to M-1 and Commercial Zones. Screening requirements for M-2 and M-3 zones adjacent to residences and offices are limited. In theory, M-2 and M-3 are not supposed to be adjacent to “impacted zones” as regulated (Adjacent B, R & OR districts), but due to economic changes, these areas are now found next to what would otherwise be considered incompatible land uses.

### What do current and emerging industries require?

- Access to affordable, reliable & renewable energy/power. Some need high voltage power.
- Quality infrastructure
- Small industrial/Entrepreneurial Industry needs access to small spaces or flex space for uses such as engine repair, small assembly, glass blowing, etc.
- Access via efficient & reliable transportation options (rail, highway, truck routes, etc.)
- Continuity/Predictability: enough stability to allow confidence in making costly, long-term private and public investments
- Industry, particularly those that are Port-related, need room to expand and grow where there is access to deep water, rail and truck routes.
- Large Parcels
- Flexibility of rail access at affordable rates
- “Buffering” between Industrial and incompatible uses like residential to avoid nuisance complaints. Requirements differ in different parts of the City
- Regulations should accommodate reuse of obsolete buildings and properties.
- Ensure establishments have a smooth, efficient process for operating.

### **What Issues With The Current Approach Should Transform Baltimore Help Address?**

While facing a transition to a more service-based economy, the City’s older building stock, smaller lot sizes, higher taxes, and aging infrastructure make attracting new traditional manufacturers difficult.

Bioscience and other high-tech industrial uses often want to locate near the knowledge base offered by large central cities.

Industries are becoming ‘cleaner’ and can be seen as more compatible with commercial (non-residential) land uses.

#### **Issues Identified:**

- Protect Truck Routes to minimize traffic and idling; then enforce use of truck routes to protect other land uses
- Performance standards as they exist are not enforceable.
- HUD Empowerment Zone and related zones promote Industrial Development, but don’t necessarily correspond to or support zoning categories. As part of the program, Firms are encouraged with incentives to hire employees who live in the Zone.
- Traffic Impact Study/Inclusionary Zoning legislation create de-facto impact fees.
- Drawing a zoning line around current industry may not allow enough room to grow. Areas with access to deep water, rail and truck routes still need to remain available for future expansion.
- Despite popular beliefs, heavy industry is NOT dead, new opportunities exist or may emerge to grow and expand with shifts in the world economy and the rising costs of fuel.



- Renewable energy sources are needed – and represent a new source of industrial investment and jobs.
- “Everyone likes the products; no one likes the process of producing it (or delivering it).” Zoning can help achieve balance.
- The zoning code should recognize that some uses must remain isolated or segregated from incompatible uses, with options for expansion, because of public health concerns, etc. These types of uses are needed and necessary.
- Public health is impacted by some industrial processes and practices. How can these impacts be mitigated without putting industry at a competitive disadvantage? Operational improvements can help mitigate impacts, and even save money. (eg. Reduce the amount of time trucks and trains need to stand idling waiting for clearance, access, provide effective truck routes, etc.)
- Sustainability is an important economic consideration that is being driven by both economic necessity and regulations from the state and federal governments. Industry is heavily regulated which adds to the cost of doing business. Sometimes the costs exceed the benefits.
- Alternative energy systems will present a challenge with regard to zoning because of their impact on things like height limits (solar panels and wind turbines may add to the visual height of structures).

## What Proposed Approaches Should Be Considered During The Transform Baltimore Process?

The objectives for industrial zoning for Baltimore’s future include: retain existing businesses, enhance redevelopment, and create conditions for new businesses.

Baltimore’s industrial land uses may be better categorized by their infrastructure needs in a highly urbanized setting rather than their functional manufacturing needs: **maritime**, **non-maritime** (including business-industrial parks), and **emerging technology**.

Industrial land in the metro area is becoming scarce; Baltimore could become a premier location for industrial uses in Maryland if the zoning code and development process anticipate and mitigate potential conflicts between non-industrial uses up front. New locations for future industry might be derelict shopping centers or seriously deteriorated residential areas.

### Recommendations:

- Flexibility of mixed-use zoning category could support green industry, in proximity to office and other uses.
- Retail to serve business employees (eg. lunch, ATM’s) should be allowed within an industrial mixed-use zone
- Look at scattered site industrial or those surrounded by residential already for potential light industrial mixed-use zoning.



- Differentiate between smaller users and larger users. Some smaller users may be fine in commercial zones. Protect small sites for the smaller industrial users (food production, artists' space, etc)
- Consider an "Employment" district that allows industrial jobs to exist.
- Consider regular periods to revisit zoning, similar to the way Baltimore County does it, to provide an opportunity to react to structural changes in the economy. Opposing view: short term zoning changes preclude long-term capital investments that are necessary for the Port and related industries to stay competitive.
- Establish clear criteria for future rezoning.
- Consider a single industrial zoning category and focus on compatibility of uses within those zones. Avoid creating additional pockets of industry surrounded by incompatible uses – "the Swiss cheese effect".
- Consider Impact Fees
- Performance standards should be applied to non-industrial uses that knowingly locate next to existing industrial uses to minimize the potential for conflicts, avoid the "dust on the Mercedes syndrome" and minimize nuisance complaints against industry that has been there "forever" and plans to stay.
- Adjacent land uses can also be progressively designated so that they can be designed to minimize potential future conflicts (i.e. placement and noise-dampening materials of windows and doors, distance, buffering, etc)
- Mixed-use Industrial zoning may benefit high-tech models of industry and may be appropriate for some smaller industrial districts.
- Reconsider the 20 minimum acre size limit for industrial parks... smaller mixed-use industrial parks may be needed to accommodate "entrepreneurial" industrial uses, such as engine repair, light industry, etc. (and other uses that people do not want in their neighborhood commercial areas?)
- A regional economic development strategy that fosters cooperation and connects with Zoning more directly (reference to the Abell Foundation MIZOD Study) and plans for future Industrial Growth beyond municipal borders. This could be a clear, consensus driven Economic Development Strategy that: brings production closer to the consumer (a growing trend?); diversifies the economic base; provides for land assemblage and incentives; takes advantage of foreign trade zones, and capitalizes on existing infrastructure assets.
- Determine if there is an even better way to protect maritime industry while allowing for other types of waterfront development
- Streamline and clarify regulatory processes.
- Zoning should address issues of outside storage (of raw materials, etc.).
- Look at where infrastructure exists in devising industrial Zoning regulations
- Performance standards are extremely difficult to enforce and may make the business aspects of industrial land more difficult to manage. Performance standards should not be more stringent than those currently regulated by the Maryland Department of Energy or those in surrounding jurisdictions. This would reduce Baltimore's potential advantages for locating industrial uses.



- Incentive-based zoning may not work as intended with industrial users.
- Auto uses (repair, maintenance, manufacturing, warehousing, etc) currently exist in both M-zones and B-zones. It may be worth analyzing what types of auto uses can exist with new definitions of industry.
- Categorize streets according to not only the types of traffic they can sustain but also the type of paving material (i.e. concrete) that won't easily deteriorate due to truck traffic.